

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

MAGNEQUENCH INTERNATIONAL, INC.,)	
)	
Plaintiff,)	
)	
v.)	C.A. No. 04-135 (GMS)
)	
SONY CORPORATION, SONY CORPORATION)	
OF AMERICA, SONY ELECTRONICS, INC.,)	
ACER INC., ACER AMERICA CORPORATION,)	
ASUSTEK COMPUTER INC., ASUS)	
COMPUTER INTERNATIONAL INC.,)	
I/OMAGIC CORPORATION, IOMEGA)	
CORPORATION, LG ELECTRONICS, INC., LG)	
ELECTRONICS USA, INC., LG INNOTEK)	
COMPANY, LTD., LG INNOTEK USA, INC.,)	
LITE-ON TECHNOLOGY CORPORATION,)	
LITE-ON TECHNOLOGY INTERNATIONAL,)	
INC., LITE-ON PERIPHERALS, INC., LITE-ON)	
INFORMATION TECHNOLOGY)	
CORPORATION, MEMOREX PRODUCTS)	
(TAIWAN) LTD., MEMOREX PRODUCTS, INC.,)	
MICRO-STAR INTERNATIONAL COMPANY,)	
LTD., MSI COMPUTER CORPORATION,)	
MITSUMI ELECTRIC COMPANY, LTD.,)	
MITSUMI ELECTRONICS CORPORATION,)	
TEAC CORPORATION, TEAC AMERICA, INC.,)	
AND VICTOR COMPANY OF JAPAN,)	
LIMITED,)	
)	
Defendants.)	
)	

**PLAINTIFF MAGNEQUENCH'S SUBMISSION
REGARDING THE STATUS OF SETTLEMENT
NEGOTIATIONS WITH THE VARIOUS DEFENDANTS**

Plaintiff Magnequench International Inc. ("Magnequench") makes this submission regarding the status of settlement negotiations with the various Defendants in order to assist the Court in connection with the March 9 and 10, 2005 Settlement Conference.

At the January 21, 2005 Status and Scheduling Conference, the Court set March 9 and, if necessary, March 10, 2005 for a Settlement Conference with the Court and business representatives of the parties with the authority to settle this action. Since the January 21, 2005 Status and Scheduling Conference, Magnequench's President and Chief Executive Officer, Mr. Archibald Cox, Jr., and Magnequench's Director of Business Development, Mr. Gregory Kroll, have continued to participate in face-to-face meetings, telephone conferences and/or exchanged correspondence with representatives and/or counsel for all the Defendants. These discussions have progressed to varying degrees.

There are twelve (12) Defendants/Defendant Groups in this action, as set forth below:

1. "The Acer Group" - comprising Acer Incorporated and Acer America Corporation;
2. "The ASUS Group" - comprising Defendants ASUS Computer International Inc. and ASUSTek Computer Inc.;
3. "IOMagic" - comprising Defendant IOMagic Corporation;
4. "IOMEGA" - comprising Defendant IOMEGA Corporation;
5. "The LG Group" - comprising Defendants LG Electronics, Inc., LG Electronics USA, Inc., LG Innotek Company, Ltd., and LG Innotek USA, Inc.;
6. "The Lite-On Group" - comprising Defendants Lite-On Technology Corporation, Lite-On Technology International Inc., Lite-On Peripherals, Inc., and Lite-On Information Technology Corporation;
7. "JVC" - comprising Defendant Victor Company of Japan, Limited.

8. “The Memorex Group” - comprising Defendants Memorex Products, Inc. and Memorex Products (Taiwan) Ltd.;
9. “The Mitsumi Group” - comprising Defendants Mitsumi Electric Company, Ltd. and Mitsumi Electronics Corporation;
10. “The MSI Group” - comprising Defendants Micro-Star International Company, Ltd. and MSI Computer Corporation;
11. “The Sony Group” - comprising Defendants Sony Corporation, Sony Corporation of America and Sony Electronics Inc.; and
12. “The TEAC Group” - comprising Defendants TEAC Corporation and TEAC America, Inc.

Magnequench has an executed Settlement Agreement with The Mitsumi Group. Magnequench believes it has reached agreements in principle to settle this action with: (1) The ASUS Group; (2) The Lite-On Group; (3) The MSI Group; (4) I/OMagic; (5) The Memorex Group; and (6) IOMEGA. Therefore, Magnequench and these Defendants/Defendant Groups will not need the Court's assistance at the March 9 and 10, 2005 Settlement Conference.

With regard to the remaining Defendants/Defendant Groups, Magnequench believes that the parties need the Court's assistance in mediating settlement negotiations. These Defendants/Defendant Groups are: (1) The SONY Group; (2) The LG Group; (3) The Acer Group; (4) JVC; and (5) The TEAC Group.

Attached as Exhibit A is a chart summarizing the status of settlement negotiations with each of the Defendant/Defendant Groups.

In order to assist the Court during the Settlement Conference, Magnequench is submitting to the Court a confidential document containing a “blackline” comparison version of the most recent Settlement Agreements with each of the individual Defendant/Defendant Groups that have not yet settled. To the extent any of these draft Settlement Agreements are not blacklined, it means Magnequench has not received comments on Magnequench’s latest draft Settlement Agreement from the individual Defendant/Defendant Group. The above-identified compilation containing the latest versions of the Settlement Agreements with the various Defendants will not be served on counsel for the Defendants because of the confidential nature of the individual Settlement Agreements (obviously each defendant already has the papers applicable to it).

MORRIS, NICHOLS, ARSHT & TUNNELL

/s/Mary B. Graham

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March 8, 2005

Exhibit A

Status of Settlement Negotiations Between Magnequench and the Various Defendants

Defendant/Defendant Group (In Alphabetical Order)	Status of Settlement Negotiations
The Acer Group (Acer Incorporated and Acer America Corporation)	No agreement has been reached
The ASUS Group (ASUS Computer International Inc. and ASUSTek Computer Inc.)	Agreement in principle has been reached
I/O Magic Corporation	Agreement in principle has been reached
IOMEGA Corporation	Agreement in principle has been reached
The LG Group (LG Electronics, Inc., LG Electronics USA, Inc., LG Innotek Company, Ltd., and LG Innotek USA, Inc.)	No agreement has been reached
The Lite-On Group (Lite-On Technology Corporation, Lite-On Technology International Inc., Lite-On Peripherals, Inc., and Lite-On Information Technology Corporation)	Agreement in principle has been reached
JVC (Victor Company of Japan, Limited)	No agreement has been reached
The Memorex Group (Memorex Products, Inc. and Memorex Products (Taiwan) Ltd.)	Agreement in principle has been reached
The Mitsumi Group (Mitsumi Electric Company, Ltd. and Mitsumi Electronics Corporation)	Settlement Agreement executed
The MSI Group (Micro-Star International Company, Ltd. and MSI Computer Corporation)	Agreement in principle has been reached
The Sony Group (Sony Corporation, Sony Corporation of America and Sony Electronics Inc.)	No agreement has been reached
The TEAC Group (TEAC Corporation and TEAC America, Inc.)	No agreement has been reached

CERTIFICATE OF SERVICE

I hereby certify that on the 8th day of March, 2005, I have caused to be electronically filed a true and correct copy of the foregoing PLAINTIFF MAGNEQUENCH'S SUBMISSION REGARDING THE STATUS OF SETTLEMENT NEGOTIATIONS WITH THE VARIOUS DEFENDANTS with the Clerk of the Court using CM/ECF which will send notification of such filing to the following:

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